

Department of Public Health
and Human Services

Section:
CASE MANAGEMENT

TANF CASH ASSISTANCE

Subject:
Overpayments

DRAFT

Supersedes: TANF 1504-1 (01/01/06)

References: ARM 37.78.102 and .430

GENERAL RULE– Evaluate the possibility of an overpayment claim against any household that received more TANF cash assistance than it was eligible to receive (whether or not the household is currently receiving TANF cash assistance). An overpayment is financial assistance received by or for an assistance unit for the benefit month that exceeds the amount for which that unit was eligible. All reasonable steps necessary to promptly correct any overpayment must be taken.

NOTE: **Starting with the month of May 2003, overpayments will not be established for any agency caused error.**

EXAMPLE: An agency caused error occurred for the months of March, April, and May 2003. The overpayment will be established for the months of March and April but not for the month of May.

When individuals are no longer participants, or refuse to repay the overpayment from their income and resources, recovery will be made by appropriate action under state law against the income or resources of those individuals.

If the participant keeps the child support payments after benefits are authorized, the **Eligibility Case Manager** establishes an overpayment for the entire amount of the child support kept by the participant. As a courtesy, **send CSED an e-mail** informing them that the custodial spouse has retained child support from the non-custodial spouse, the months this occurred and the amounts of the payments. This is considered a TANF overpayment, not a CSED overpayment.

Evaluate for possible Intentional Program Violation/Fraud. Refer to Section 1505-1.

OVERPAYMENT LOGS

Eligibility Case Managers need to record cases having potential overpayments in the Monthly Overpayment Log Excel Spreadsheet on an ongoing basis. Cases considered to have a potential overpayment would include those in which an error has been identified but the Eligibility Case Manager has not yet had time to rework the case to determine if there is an overissuance.

The log specifically addresses date of discovery of potential overpayment, the date the overpayment was processed/entered on TEAMS, whether the error was client or agency caused, and whether or not it is an intentional program violation (IPV). If the error did not result in an overissuance, 'N/A' should be entered in the date-processed field. Overpayments that have been determined to be client caused, must have TEAMS case notes documenting whether or not an IPV is being pursued and the reasoning behind the decision.

NOTE: Although agency caused overpayments are not currently established against the household, the information must be entered on the log with an 'N/A' in the date processed field and in the amount field.

Do a hand budget (HCS-323) and determine the amount of the overpayment for each month. On the Overpayment Log, put the same information as you would for a participant error. The only difference is an agency caused overpayment will not be set up on the system.



At the end of the month the completed log will be submitted to the supervisor or designee, who will forward an electronic copy of all overpayments to the TANF Policy Specialist.

CHANGES IN HOUSEHOLD COMPOSITION

Occasionally the household membership changes between the time the error occurred and the time the overissuance claim is established (e.g., household splits into two different TANF cash assistance cases). When this occurs, the current open TANF cash assistance household containing the majority of the original household members at the time the error occurred should have the claim established on their case. If there is not a majority in one case over another, establish the overpayment against the open case containing the original Primary Information person.

EXAMPLE: Household containing mom, dad and three children failed to report income. The resulting overpayment would be established on mom's current case containing three (3) original members (mom and two children) instead of dad's case containing two original members (dad and one child).

ESTABLISHING A CLAIM

Prompt recovery of an overpayment occurs by the Eligibility Case Manager establishing a claim and sending a demand letter (notice A900) by the end of the quarter following the quarter in which the overpayment is first identified. A quarter is identified as Jan- March, April- June, July- Sept. and Oct- Dec. Therefore, an error discovered in February must have a claim established by the end of June.

In cases that have both an underpayment and an overpayment, one will be offset against the other in correcting the benefits.

To establish a claim on a closed case, it must first be reverted to open before it can be reworked on TEAMS.

Do not establish a claim when the overissuance precedes the date of discovery by six (6) years or more.

DETERMINING 1st MONTH OF OVERISSUANCE

All claims must be treated as if all the maximum time frames apply. 10-10-10 is a program guideline to establish the first overissuance month.

These time frames are as follow:

**10 days for the participant to report;
10 days for the Eligibility Case Manager to act, and
10 days for notice of adverse action.**

NOTE: For an agency caused overissuance that occurred before May 1, 2003, such as an Eligibility Case Manager failing to act on a reported change, the first ten (10) days are not a consideration. If the household reported timely, the allowance is only ten (10) days from date of report for Eligibility Case Manager to act and ten (10) day notice for adverse action.

EXAMPLE: (HOUSEHOLD CAUSED)

Participant gained knowledge on April 27 that he would start employment in two days but never reported it to the county office. The participant had until May 7 to report. The Eligibility Case Manager had until May 17 to act on the change. Since there would be ten (10) days for timely notice of adverse action (May 30), the first overissuance month is June. (If the participant did not gain the knowledge of being hired until May 2 the first overissuance month would be July.)

EXAMPLE: (AGENCY CAUSED before May 1, 2003)

Participant gained knowledge on March 1 that he would start employment in two days. On March 2, he submitted a change report form with all information needed to determine eligibility. The Eligibility Case Manager filed the change report form but did not take any action. Case is redetermined in August and change report form is discovered. The Eligibility Case Manager had until March 12 to act and would have had ten days for adverse action. Therefore, the first and only overissuance month is April 2003.

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**BOTH CLIENT
AND AGENCY
CAUSED ERROR**

When multiple errors are discovered on a case (some are considered client caused errors while others are considered agency caused errors), the overpayment is only established on the client caused error.

EXAMPLE: Participant started a job on December 15, 2003 and this change was reported on December 20, 2003. The Eligibility Case Manager failed to act on the change. On February 20, 2004, one of the children in the home moved out permanently. This change was never reported to the agency. Case is redetermined in April 2004 and both changes are discovered.

An overpayment will not be established on the change in income. The income will be changed in TEAMS for the month of May forward.

An overpayment must be established for the decrease in household size. Because of the 10-10-10 guidelines, the overpayment will be established for the month of April. May benefits will be changed prospectively.

**ESTABLISHING
A CLAIM FOR
FS BUT NOT FOR
TANF**

When an overpayment must be established for food stamps that is not being established for TANF, care must be taken with the entry in TEAMS.

If the error is due to a **change in income or resources**, the excess income or resources must be entered in TEAMS using the 'OF' income or resource code. If the error is due to a **change in childcare expenses**, the Eligibility Case Manager should use the 'DA' and 'DF' expense codes. This will enable the establishment of the food stamp overpayment and will not create a TANF overpayment.

If the error is due to a **change in the legally obligated child support expense**, the Eligibility Case Manager should not enter through the EXPD screen in order to avoid creating a TANF overpayment. If an overpayment is inadvertently created, the Eligibility Case Manager must set it up completely on OVCA and use the status code of either 'PE' or 'OP', hit enter, then change the status to 'DE' and delete the information off OVCA. Do not return to EXPD and enter through the screen.

**TEAMS
PROCESSING

See the 1500 section of the TEAMS User Guide for TEAMS procedures.

**PROCEDURE
Eligibility
Case Manager:****ACTION**

1. Upon discovery of an overpayment, determine the amount of the claim by the end of the quarter following the quarter in which the discovery was made. The claim must include all months that

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contain an overpayment, beginning with the month the change would have been effective had it been known and acted upon (10-10-10).

Evaluate the circumstances for possible Intentional Program Violation/Fraud (Section 1505-1).

USE ACTUAL INCOME IN OVERPAYMENT COMPUTATIONS

2. Reconstruct details of the case **as if all the facts were present** when eligibility was determined. Rework the case with the correct household composition (those members that should have been included and may not have been) and the **actual countable income** of the household, (Section 601-1)

EXAMPLE #1: Bob received three biweekly checks; \$150, \$200 and \$250. This income was not reported. Actual income of \$600 is used to determine overpayment.



EXAMPLE #2 Sally, Bob's estranged wife, moved back into the household on **June 7th** and Bob did not report this to his Eligibility Case Manager until the 18th of September. Sally was employed and received four semi-monthly checks; \$150 and \$200 in August and \$200 and \$225 in September. Actual income of \$350 used to determine overpayment for August and \$425 used to determine overpayment for September.

3. Calculate the overpayment on TEAMS and establish the overpaid amount through the use of EXPD. Benefits must be recalculated for each month in which an error occurred.
 - a. Redetermine eligibility and grant for each month.
 - b. Enter through all screens and input the correct information.

Earned income disregards are not allowed on the earnings that were not reported timely; use TEAMS Income Code: 'LA' (loss of disregards for a TANF cash assistance only overpayment) or 'LB' (loss of disregards for both TANF cash assistance and food stamp overpayment). The obligated income disregard is allowed.

- c. The EXPD screen will indicate the overpayment amount.

NOTE: You must press ENTER on the EXPD screen in order to update the database with the recalculated

amounts. The calculated amount will appear on the OVCA screen when accessed.

4. Establish an overpayment claim by selecting the error months overpaid or by adding manually calculated amounts. Initiate repayment by completing the information entry on this screen.

Claims and Recovery Unit, Central Office, Helena, will make any required changes to the status or balance of the claims.

Go to the SEOU Menu and select the OVCA screen to set up the claim. If help is needed, contact the Claims and Recovery Unit at Central Office.

5. Send TEAMS Notice A900 to inform the household of the amount of overpayment.

OPTIONS FOR REPAYMENT FROM RECIPIENTS

1. Payment in Full--The unit is allowed to make a cash payment for the entire amount of the claim if possible. The unit is not required to liquidate all its resources to make this payment.
2. Grant Reduction--Currently participating households who do not opt to pay in full automatically have their grant reduced 10 percent (10%) or \$10.00, whichever is greater. Send timely notice of the adverse action (TEAMS notice A903). Document actions taken in TEAMS Case Notes (CANO).

REPAYMENTS FROM NON-RECIPIENTS

The Claims and Recovery Unit will attempt to collect from those filing/assistance units no longer receiving benefits. Repayment agreements on closed cases must be negotiated with the Claims and Recovery Unit.

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